

Message Text

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PAGE 01 BUCAR 03682 311230Z

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HELSINKI FOR PRESIDENTIAL PARTY

E.O. 11652: GDS

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SUBJ: PRESIDENT FORD VISIT: SCENE-SETTER

REF: BUCHAREST 3500

1. DURING THE "CEAUSESCU DECADE" JUST COMPLETED, THE ROMANIAN LEADER, UNIQUE AMONG WARSAW PACT MARXIST CHIEFS, HAS PERSEVERED WITH ROMANIA'S INDIVIDUALISTIC BRAND OF NATIONAL COMMUNISM, CARVED OUT A MEASURE OF INDEPENDENCE FROM THE USSR WHERE THE POLES, HUNGARIANS, AND CZECHS HAVE FAILED, AND KEPT FLOGGING ROMANIA AHEAD IN INDUSTRIAL DEVELOPMENT. ALTHOUGH DURING THE LATE-1960'S CEAUSESCU FLIRTED WITH ECONOMIC DECENTRALIZATION AND A MEASURE OF INTERNAL LIBERALISM, HE CONCLUDED, ABOUT 1970--IN PART BECAUSE OF HIS OWN STYLE AND IN PART PROBABLY BECAUSE OF CONSIDERABLE SOVIET PRESSURE--THAT ORDER, DISCIPLINE, CENTRALIZATION, AND WORK ETHIC MUST BE STRESSED MORE, IF ROMANIA IS TO SURVIVE AND EVENTUALLY FLOURISH. HE ACCELERATED INDUSTRIAL GROWTH, AND THE CONSUMER'S OUTLOOK HAS REMAINED AUSTERE; CEAUSESCU DOGGEDLY CLINGS TO THE HIGHEST RE-INVESTMENT RATE (AS A PERCENTAGE OF NATIONAL INCOME) IN THE WORLD (33 PERCENT). DESPITE INTERNAL TIGHTENING, ROMANIANS REMAIN LESS REGIMENTED THAN THE SOVIETS, CZECHS OR BULGARIANS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUCAR 03682 311230Z

2. IN FOREIGN POLICY, SKILLFULLY AVOIDING CONFRONTATION WITH THE USSR, HE HAS ATTEMPTED TO LOOSEN WARSAW PACT BONDS AND HAS SOUGHT MORE IDENTITY WITH THE NON-ALIGNED THIRD WORLD, SINSING A SHIFT IN WORLD POWER IN THIS DIRECTION. FRICTION WITH MOSCOW CONTINUES: SOVIETS HAVE STEPPED UP QUIET PRESSURE AGAINST THE GOR'S "NATIONALIST DEVIATION", ARE TRYING TO BLOCK ROMANIAN PRESENCE AT THE LIMA NON-ALIGNED MEETING, AND KEEP PRESSING FOR CLOSER "INTEGRATION" IN PACT AND CEMA.

3. CEAUSESCU SEEMS UNDAUNTED IN THE FACE OF MULTIPLE PROBLEMS. DESPITE IMPRESSIVE INDUSTRIAL GROWTH, THE ROMANIAN ECONOMY IS CHRONICALLY OVEREXTENDED AND SHORT OF FOREIGN EXCHANGE. INDUSTIRAL PRODUCTION SOMETIMES SHOWS SPOTTY PERFORMANCE CAUSED BY HASTE, POOR QUALITY CONTROL, CUMBERSOME MANAGEMENT, AND INSUFFICIENT MOTIVATION. DESPITE CONSIDERABLE INPUTS OF WESTERN TECHNOLOGY, WHICH HAVE IMPOSED A SIGNIFICANT HARD-CURRENCY DEBT BURDEN, MANY ROMANIAN PRODUCTS HAVE PROVED DIFFICULT OR IMPOSSIBLE TO MARKET IN THE WEST. RECENT FLOODS AND AGRICULTURAL SHORTFALLS HAVE ALSO HURT, LIMITING BOTH EXPORTS AND BMESTIC AVAILABILITY. CEAUSESCU'S 1972 SLOGAN FOR A SIX-MONTH ADVANCE IN 1971-75 PLAN FULFILLMENT HAS HAD TO BE LARGELY ABANDONED, THEREBY RAISING QUESTION WHETHER HIS JUDGMENT OF HOW MUCH GROWTH CAN BE SQUEEZED OUT OF ROMANIAN ECONOMY IS REALISTIC.

4. AT HOME, CEAUSESCU IS NOT CHALLENGED BY FACTIONS IN PARTY LEADERSHIP BUT RATHER FACED BY SUBDUED CRITICISM AND POPULAR WEARINESS AND CYNICISM, AND EVEN SOME LEADERSHIP BICKERING. EFFORTS TO REGALVANIZE THE POPULACE THROUGH HIS "CULT", HIS "REVOLUTIONARY SPIRIT" APPEALS, AND HIS INCREASING RELIANCE ON TRIED-AND-TRUE ACTIVISTS RATHER THAN TECHNOCRATS, ARE GETTING A LIMP RESPONSE. HE HAS SHUFFLED THE RCP'S MORE INDEPENDENT SPIRITS INTO LESSER SLOTS OR RETIREMENT, AND USES A "ROTATION" RATIONALE TO KEEP CHALLENGES FROM FORMING.

5. THE OUTLOOK IN THE IMMEDIATE FUTURE IS FOR CEAUSESCU TO STICK RIGIDLY WITH HIS PREVIOUS POLICIES AND OBSESSIONS, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUCAR 03682 311230Z

RECKONING THAT NEITHER HIS CHALLENGE TO HIS OWN PEOPLE NOR TO THE SOVIETS WILL REAP CONSEQUENCES HE CANNOT HANDLE.

6. IN THIS SETTING, CEAUSESCU URGENTLY NEEDS AN ECONOMIC SHOT IN THE ARM. CONGRESSIONAL APPROVAL OF MFN WILL HELP, BUT CEAUSESCU CERTAINLY WILL PRESS FOR GENERAL PREFERENCES AND CONCESSIONARY CREDITS AND PERHAPS AGRICULTURAL AID

AS WELL AS AID FOR REBUILDING FLOOD-DAMAGED INFRA-STRUCTURE. AFTER MFN, GOR ATTENTION TURNS TO "HOW" EXPORTS TO U.S. CAN BE INCREASED AND HE WILL BE EAGER TO HAVE U.S. GOVERNMENT ENCOURAGEMENT. MFN IS A POLITICAL TRIUMPH FOR CEAUSESCU (HE GOT WHAT SOVIETS HAVE NOT), BUT HE MUST CAREFULLY COVER HIS PUBLIC FLANK BY DENYING THAT EMIGRATION OR CONGRESS'S INTERFERENCE IN INTERNAL AFFAIRS HAD ANYTHING TO DO WITH IT.

7. A PRESIDENTIAL VISIT FROM THE WORLD'S MAJOR "CAPITALIST" POWER IS ALSO A WELCOME PRESTIGE CLIMAX TO ONE OF CEAUSESCU'S BUSIEST DIPLOMATIC SPRINGS (VISITS TO 12 COUNTRIES, 8 HEAD-OF-STATE VISITS, 2 TREATIES, 11 DECLARATIONS). POLITICALLY, CEAUSESCU WILL HOPE TO BEGIN A "SPECIAL RELATIONSHIP" WITH PRESIDENT FORD SIMILAR TO THE NIXON-CEAUSESCU BOND. THIS IS IMPORTANT TO HIM AS INSURANCE (HOWEVER VAGUE) AGAINST A SOVIET INVASION, AS REASSURANCE TO PARTHUAND PEOPLE THAT HE IS RESPECTED ABROAD, AND AS AN OPENING TOWARD FURTHER HELP ON THE ECONOMIC SIDE.

8. AS USUAL, CEAUSESCU WILL BE SEEKING TO INSINUATE ROMANIA INTO A MORE VISIBLE ROLE IN SUCH WORLD PROBLEMS AS MIDDLE EAST, CYPRUS, KOREA, AND PERHAPS SPAIN, HOPING TO GAIN THE STATUS AND PROTECTION ACCRUING TO USEFUL MIDDLEMEN. THE AURA OF GOOD FEELING THIS MONTH IN U.S.-ROMANIAN RELATIONS HAS RARELY BEEN BETTER, BUT CEAUSESCU, NOW CANNILY ALINGING ROMANIA AS A DEVELOPING COUNTRY WITH THE THIRD WORLD, WILL SEEK THE PRESIDENT'S ENDORSEMENT IN SOME FORM OF NEED FOR A "NEW INTERNATIONAL ECONOMIC ORDER" (HE GOT THIS AFTER A FASHION FROM FRANCE'S CHIRAC LAST WEEK), WHICH NOW BECOMES THE POTENTIALLY MOST DIVISIVE BURR BETWEEN US. CEAUSESCU ALSO AVIDLY

CONFIDENTIAL

PAGE 04 BUCAR 03682 311230Z

WANTS ANY SUPPORT HE CAN GET FROM PRACTICAL CSCE FOLLOWUP, IN ORDER TO KEEP PUBLIC SPOTLIGHT ON ANY MORE SOVIET BULLYING IN EUROPE SHOULD IT OCCUR.

9. A WORD ABOUT THE ROMANIAN MAN-IN-THE-STREET. HE VIEWS THE FORD VISIT AS REMOTE FROM HIS DAILY NEEDS. HE IS WELL-DISPOSED, EVEN ADMIRING TOWARD AMERICA, BUT CYNICAL ABOUT CEAUSESCU'S GRANDSTANDING IN TERMS OF ANY BENEFITS TO THEM. WHILE CONSUMER LEVELS HAVE SLOWLY RISEN, HE MUST DAILY ENDURE LONG LINES FOR SUGAR, OIL, MEAT, SOMETIMES EVEN BREAD. HE MAY HAVE A "DACIA" CAR NOW, PROBABLY NOT -- BUT HE ENCOUNTERS CORRUPTION, IDEOLOGICAL EXHORTATION, BUREAUCRATIC CONFUSION, AND REGIMENTATION AT EVERY HAND. MOST CARE ABOUT THEIR COUNTRY AND ARE TROUBLED, BUT FEW PROTEST -- ROMANIANS ARE NOT POLES

OR EVEN HUNGARIANS. LONG EUROPE'S DOORMAT, NOW RULED
BY AN INDIGENOUS DESPOT, THESE PEOPLE CANNOT BE ENTIRELY
IGNORED. THEIR PATIENCE MAY BEGIN TO WEAR THIN. TIES
WITH THE WESTERN WORLD, INCLUDING THE UNITED STATES, WILL
BE LOOKED AT IN THE LIGHT OF ZDAT RELAXATION IN TENSIONS
WILL ACCRUE NOT JUST SOMEWHERE IN EUROPE BUT WITHIN
ROMANIA ITSELF.
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